

## Morro Bay Power Plant Modernization Project

### Notice of Public Hearing:

Opportunity to give written and oral  
comments to U.S. EPA on proposed action

6 – 9 PM on October 24, 2006  
Veterans Memorial Hall  
209 Surf Street  
Morro Bay, CA 93442

### Proposed Action

The U.S. EPA Region IX proposes to issue a Prevention of Significant Deterioration (PSD) Permit to LSP Morro Bay, LLC for the Morro Bay Power Plant (MBPP) Modernization Project.

### Background

MBPP produces electricity and has been in operation since 1955. The San Luis Obispo Air Pollution Control District issued an initial Title V operating permit in 1998, and a renewal permit in 2004. EPA Region IX is the PSD permitting authority for San Luis Obispo County. In 2000, Duke Energy Morro Bay, LLC submitted a PSD permit application to EPA for the Modernization Project. Ownership of the MBPP changed to LSP Morro Bay, LLC in 2006.

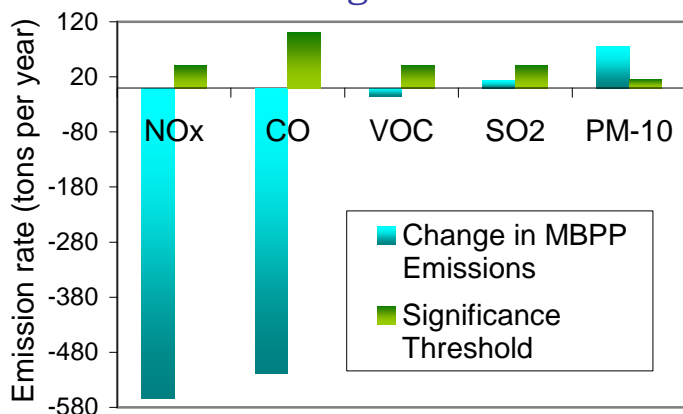


Location of Morro Bay Power Plant

### What will be changed at the Morro Bay Power Plant?

- Replace (4) existing 1950-60's fossil fuel-fired electric utility steam generators with (2) combined cycle natural gas-fired turbine block units
- Replace (3) existing 450-foot exhaust stacks with (2) 145-foot stacks to comply with good engineering practices
- Remove existing fossil fuel oil tanks

Figure 1



### What will result from these changes?

- Power generation will increase from 1002 MW to 1200 MW
- Decreased emissions of NO<sub>x</sub>, CO, and VOC (Figure 1)
- Emissions increase of SO<sub>2</sub> below significance threshold (Figure 1)
- Emissions increase of PM-10 (Figure 1) triggers PSD review and requirements

## Morro Bay Power Plant Modernization Project Clean Air Act Permit

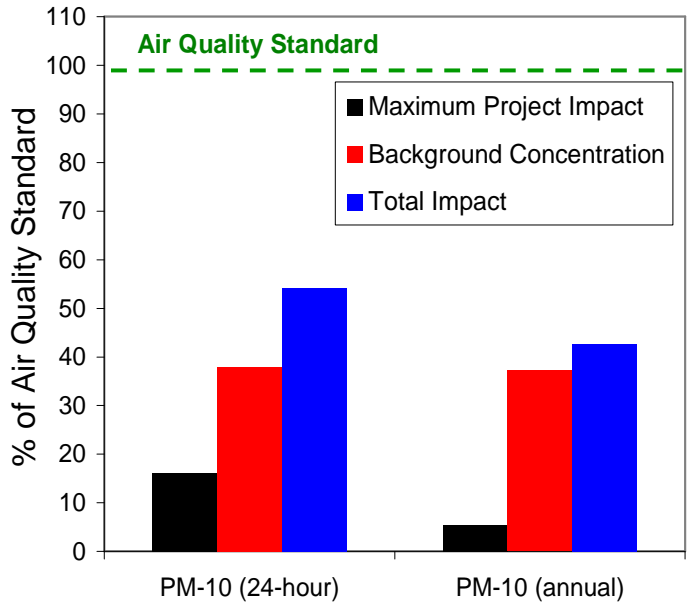
### **PSD requirements apply to PM-10**

- Obtain permit before construction
- Install Best Available Control Technology
- Conduct Air Quality Analysis

### **How will emissions impact air quality?**

- Impact of PM-10 emissions (Figure 2) modeled using new emissions level and 145-foot stack heights
- Emissions of PM-10 will not result in ambient PM-10 concentrations that exceed the National Ambient Air Quality Standards (NAAQS)
- The incremental increase in PM-10 concentration (24-hour and annual average), complies with the allowable PSD Increment
- At the San Rafael Wilderness (Class I area), the incremental increase in PM-10 concentration (24-hour and annual average), complies with the allowable PSD Class I Increment
- Emissions will not significantly impact visibility, soils, or vegetation

Figure 2



### **How will PM-10 be regulated by the PSD Permit?**

- Exclusive use of low-sulfur natural gas to reduce PM-10 formation (BACT)
- Good Combustion Practices (BACT)
- Performance tests
- PM-10 emission limits

The proposed PSD permit and Air Quality Analysis are available for public inspection:

1. Online at: <http://www.epa.gov/region09/air/permit/r9-permits-issued.html>
2. San Luis Obispo Air Pollution Control District, 3433 Roberto Court, San Luis Obispo, CA, 93041
3. City of Morro Bay, City Attorney's Office, 595 Harbor Street, Morro Bay, CA 93442

### **To Submit Comments outside of the Public Hearing before the October 30, 2006 deadline, contact:**

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EPA will consider all comments in making the final decision. Comments will be included in the administrative record and are available to the public. The administrative record for the permit is available for public inspection Monday through Friday at the EPA office from 9 AM until 4 PM. Public inspection of these documents must be arranged in advance by contacting Mark Sims.

EPA will provide an official response to all comments after the public hearing. You may request to receive a copy of the response to comments by contacting Mark Sims, or by registering at the hearing.